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CREDIT ANALYSIS

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Communauté Française de Belgique

Belgium

RATINGS

Communauté Francaise de Belgique

	Foreign Currency	Local Currency
Issuer	Aa3/P-1	Aa3/P-1
Sr. unsecured	Aa3/P-1	Aa3/P-1
Outlook	Stable	Stable

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This Credit Analysis provides an in-depth discussion of credit ratings for the Communauté Francaise de Belgique and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Overview and outlook

The Communauté Française de Belgique's (CFB) Aa3 long-term debt and issuer ratings, as well as its Prime-1 short-term issuer rating, reflect (1) its sound financial performances; (2) its continued compliance with medium-term financial targets set by the High Council of Finances (CSF, Conseil Supérieur des Finances), which is Belgium's central supervisory body that monitors regions' and communities' budget positions; (3) its moderate and stabilising debt burden; as well as (4) its active, sophisticated cash management.

Going forward, the main challenge for the CFB will be to implement the fiscal federalism reform while maintaining its commitment to the additional consolidation effort by Belgium (Aa3 stable) under the Excessive Deficit Procedure of the European Union without impairing its creditworthiness. In particular, we expect some headwinds to fiscal consolidation in the form of a new low-inflation and low-growth environment. That being said, the reform, which has resulted in the transfer of significant responsibilities to the federated entities on 1 July 2014, is unlikely to negatively affect the CFB given the re-routing of most of these responsibilities to other federated entities, as set under the Sainte-Emilie agreement.

Given the CFB's overwhelming reliance on transfers from the federal government, a downgrade of the sovereign's rating would have negative implications for the community. A reversal in the CFB's current financial consolidation trajectory, which would lead the community to wider financing deficits and rapidly increasing debt levels, though unlikely in view of the CFB's commitments, would also weigh on its rating. Conversely, an upgrade of the CFB's rating would require an upgrade of the sovereign's rating.

Special Topic

Implementation of updated European System of Accounts does not affect the fiscal trajectory

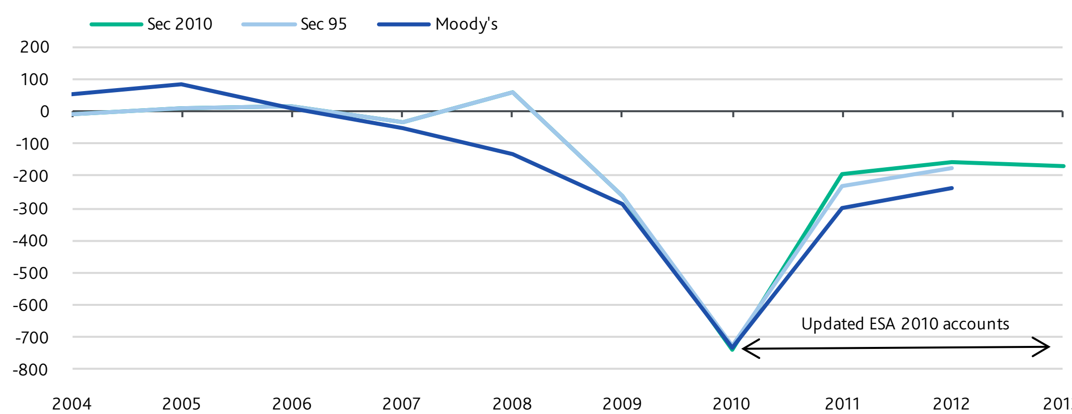
In April 2014, the Institut des Comptes Nationaux released its first estimates for Belgium's public finances under the European System of Accounts 2010 (ESA 2010). The ESA 2010 brings the framework in line with internationally recognised standards and becomes effective in September 2014.[1]

As a result of stricter consolidation rules under ESA 2010, the regions' and communities' public accounts now incorporate a number of government-related entities. While this reclassification has extensively altered, for example, the Walloon region's budget performance over the 2010-13 period,[2] for which estimates under ESA 2010 are already available, the impact on the CFB's deficits has proven limited and even slightly positive (see Exhibit 1). Ultimately, although the ESA accounts remain important to our assessment of the region's level of commitment in national consolidation efforts, they are not our primary measure of financial performance.

EXHIBIT 1

Updated European Methodology Does Not Affect Positive Budget Trajectory Since 2011

In € million



Sources: Walloon Region, Moody's calculations

Although the CFB's level of debt under ESA 2010 has not been disclosed yet, we expect that the magnitude of the alteration will be relatively limited too. Furthermore, we already capture debt in our ratios of the local government's debt, a large share of debt that could fall into the CFB's debt perimeter under ESA 2010 as we generally include indirect and guaranteed debt.

1 See ESA 2010 & European Sovereigns: Answers to Frequently Asked Questions, April 2014.

2 See Credit Analysis of the Walloon Region, June 2014.

Baseline credit assessment

Financial performance and debt profile

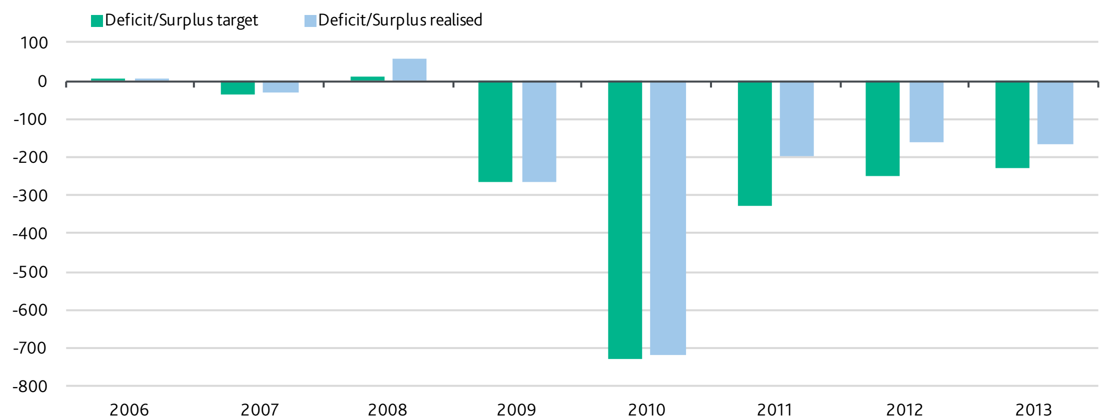
CFB faced budget deficit by the start of the financial crisis

The CFB displayed solid financial performance until the end of 2008, frequently exceeding the financial targets defined by the CSF. However, a decrease in transfers from the federal government in 2009, on the back of Belgium's economic recession, resulted in a 3% year-on-year drop in the CFB's revenue for that year. Although modest, the community's cost-cutting measures implemented from mid-2009 helped to reduce its expenditure by approximately 1% and contained the overall deficit at approximately 3.5% of the CFB's total revenue. In 2010, revenue remained flat compared with 2009 revenue, while expenditure (made up of salaries at more than 50%) grew in line with a multi-year agreement. With inflated education expenses and growing transfers to the Walloon region and Brussels-Capital's French-speaking authorities, the CFB's financing deficit widened to 9.1% of its total revenue in 2010.

EXHIBIT 2

CFB's Compliance with the CSF's Financial Targets Since 2007

in € million



Source: High Council of Finance

Deficit will decline further amidst commitment to reach a balanced position in 2015

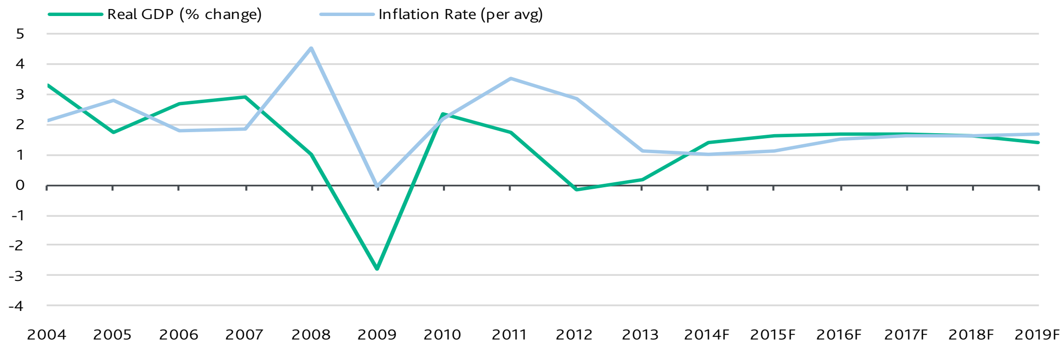
In line with the deficit targets outlined by the CSF, the CFB is aiming to return to a balanced budget position by 2015. Whilst these deficit targets are not legally binding, given the highly sensitive political conditions in Belgium, all regions and communities have strong incentives to comply with these targets and to meet their collective obligations.

As a result of growth in operating revenue and tight control over expenditure, the CFB managed to reduce its deficit to 2.6% of total revenues in 2012. First results for 2013 point to continued consolidation efforts with a deficit, in ESA 2010 terms (close to ESA 95 terms, see "Special Topic" on page 2), of €168 million compared with a target of €228 million in the initial budget programme. We expect that the CFB's fiscal consolidation efforts will remain and that the deficit will further decline in the coming years. Furthermore, the impact of the Sixth State reform will likely be negligible in the near-to-medium term because of the compensation mechanism in place (see box page 5).

Over the longer term, the CFB's budgetary trajectory could face some downward pressure as the absence of a return to pre-crisis activity and inflation levels (see exhibit 3) could affect transfers from the central government. In turn, a large share of expenditures are related to the compensation of employees (around half of total expenditure) and grow at a higher pace than inflation. [3]

EXHIBIT 3

Growth and Inflation Unlikely to Return to Pre-crisis Levels in the Medium Term



Sources: Belgostat, Moody's forecasts, Bureau federal du Plan's forecasts

Given that most of the responsibilities transferred from the federal government to the CFB are being re-routed to other federated entities, we consider that CFB's finances will not be affected by the Sixth State reform (see box page 5).

Debt Profile

CFB's debt levels will remain broadly stable in the coming years

Following years of stable debt levels, the community's direct debt stock increased by 47% between 2008 and 2010 as the economic downturn took its toll on the community's finances, which translated into a 42% increase in its ratio of direct debt to operating revenues to 45% as of year-end 2010. In 2011and 2012, in line with the significant increase in the CFB's operating revenue and a moderate increase in its direct debt stock (to €4.4 billion at year-end 2012), the community managed to stabilise its direct-debt-to-operating-revenue ratio below 50%.[4]

Going forward, we expect that the CFB's debt stock will continue to increase at a limited pace until the end of 2015, in order to finance the community's forecasted deficits. However, its direct-debt-to-revenue ratio should remain close to 50% (see exhibit below), in line with the upward trend in the CFB's revenues.

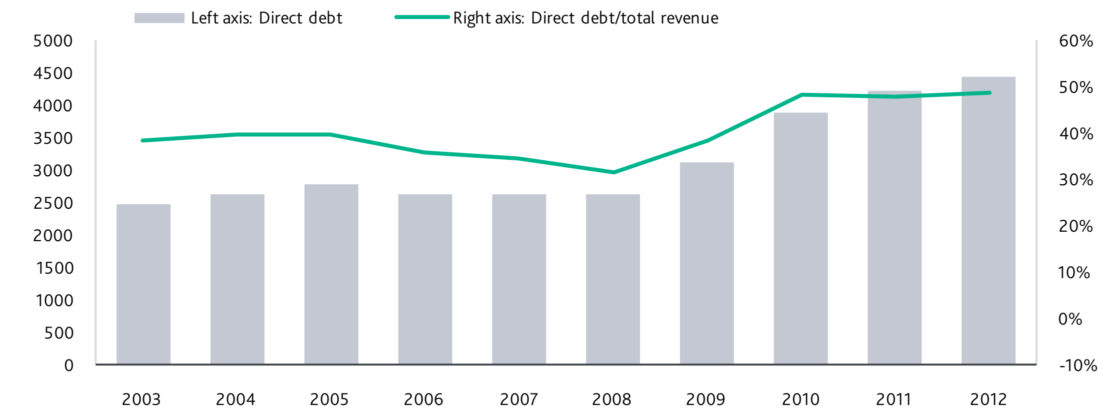
3 Authorities usually estimate the pace to be inflation +1%.

4 The net direct and indirect debt-to-operating-revenue ratio, which includes indirect and guaranteed debt, stood at 57% at year-end 2012, slightly increasing from the 2011 level (56%), primarily reflecting the increase in guarantees granted by the CFB (€602 million in 2012, up from €529 million in 2011).

EXHIBIT 4

CFB's Debt Levels Will Remain Stable in the Coming Years

in € million



Sources: Communauté Française de Belgique, Moody's calculations

Sixth State Reform: No impact on CFB's finances as most new responsibilities are re-routed to other federated entities

Designed in December 2011, the Sixth State Reform is focused on devolving a number of revenue and spending powers to the regional and community level from mid-2014 onward,[5] and is an attempt to address regional requests for greater autonomy and fiscal discipline. We expect that the reform will significantly affect the structure and dynamics of Belgian public finances, though its credit impact over the longer term is difficult to assess at this early stage. Overall, we expect that some regions and communautés will need to introduce fiscal adjustments in order to offset some mismatches between the dynamism of the resources gained and that of expenditures transferred.

The Sixth State Reform devolves additional spending responsibilities to the federated entities[6] in terms of employment, health or elderly aid. It was finalised in January 2014 through the Special Finance Act governing the financing of the federated entities. We estimate that the reform will increase the expenditure of most regions by around 40% in 2015 on average (CFB: 37% in 2015), although grants and greater tax autonomy for regions will partially offset this increase in expenditure. More specifically, transfers shared across Belgian communautés, according to fixed share keys, will compensate for the communautés' new expenses. These keys, as well as the subsequent rules for calculating their evolution, are related to demographic realities that correspond to each new area of responsibility.[7] A transitional transfer system is set to make the net budgetary impact neutral in 2015, although revenue compensation will gradually fade out after 10 years. Communautés and regions will also participate in elderly-care costs, as the indexation of some transfers to economic growth will decline from 2017 onwards. [8]

However, as per the Sainte-Emilie agreement reached in September 2013,[9] most of CFB's new responsibilities are re-directed to the Walloon region and the Commission Communautaire Française (unrated). The latter two will also assume a share of the CFB's contribution to Belgium's fiscal consolidation (respectively €44 and €45 million in 2015 and 2016). In light of the above, we consider CFB's budget position will barely not be impacted by the transfer of new responsibilities.

5 The transfer of the respective resources will be effective from 2015 onwards.

6 Also called Entity II, in contrast with Entity I that corresponds to the federal government and the social security system.

7 For example, transfers related to revenue transfers are defined according to the share of population under 18 (above 80 for elderly). Only responsibilities related to health (excluding hospital infrastructures) are established with no link to a demographic variable.

8 A 100% indexation will, however, be still possible from 2017 onwards in the case real growth is higher than 2.25%.

9 The corresponding decree was published on 25 June 2014 and is valid from 1 July 2014 onwards

CFB maintains an adequate liquidity profile

As of today, the structure of the community's debt does not raise any particular concerns. After accounting for various coverage instruments, variable-rate debt should always account for less than 15.0% of the total amount; it equated to 9.2% at year-end 2013. The amortisation schedule appears well distributed in the next few years, and the CFB's debt management principles state that debt maturing within the next five years should be limited to 50% of the CFB's total direct debt.[10]

At the end of 2013, the CFB's ratio of short-term debt to total direct debt stood at 16.2% (€764 million), reflecting the community's use of commercial paper (€462 million) and its long-term debt repayments for 2014 (€302 million). We note that the available facilities (i.e. an overdraft cash facility of €2.5 billion and €150 million of committed back-up lines both valid until end-2018, as well as undrawn short-term facilities under existing programmes of €3.5 billion as of end 2013) are more than sufficient to cover CFB's liquidity needs in the next couple of years.

Governance and management

In common with all Belgian sub-sovereigns, the CFB has to operate within a financial framework established by the CSF for a period of several years, although the CSF may adjust the framework annually depending on economic circumstances. The framework aims to determine Belgium's long-term financial targets in accordance with the national stability pact to enable the country as a whole to comply with the Maastricht criteria. These targets have fostered prudent budget management practices, as illustrated by over-budgeting of current expenditure, which resulted (in the implementation phase) in financial results being consistently higher than initial targets. These fiscal management measures entail comprehensive, transparent and timely financial reporting. The CFB's representatives are not directly elected. Its assembly consists of 19 counsellors from the Brussels-Capital Region and all 75 counsellors from the Walloon Region.

Economic fundamentals

Given the rules governing transfers the federal government grants to the CFB (see page 5), the CFB's revenues are partly insulated from local economic cycles, making the risks on the revenue side directly related to those of the sovereign. Generally speaking, the country exhibits a robust, diversified economy and an overall wealthy and skilled population with significant assets, ensuring its economic resilience over the next several years.[11]

Institutional framework

Stable status fosters overall revenue predictability

The CFB is one of three communities (French, Flemish and German) that form part of the two-tier federal system in Belgium, together with the three regions (the Walloon Region, Flanders and Brussels). In contrast to regions, however, communities do not form part a particular territory, as they are based on the respective cultural and linguistic communities. The CFB therefore extends beyond the border of the Walloon Region and includes the French-speaking population of the Brussels-Capital Region. The CFB accounts for about 4.6 million of Belgium's total population of approximately 11.1 million.

Since 1989, Belgium's communities have undergone fundamental reforms as part of the country's shift towards federalism. Their responsibilities have gradually been extended to encompass most cultural and "personal matters", including the entire education system (with the exception of teachers'

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[10] At year-end 2013, debt maturing over 2014-18 accounted for 47% of the CFB's direct debt stock.

[11] See Credit Analysis of Belgium, December 2013.

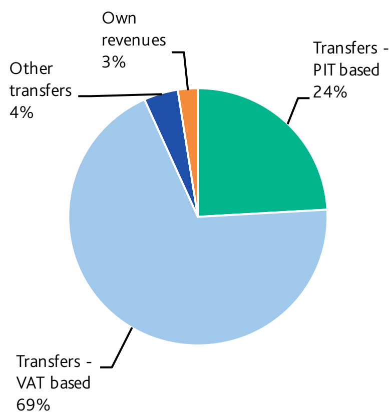
pensions). Over the same period, the CFB's funding mechanisms and financial relationships with the Walloon Region have increasingly improved, resulting in highly predictable and additional sources of revenue. Any attempt to change the legal and financial framework through a legislative process would require a majority in both linguistic groups in the national parliament, which, in our view, provides a high degree of fiscal protection to sub-sovereigns.

Under the current financial framework, the CFB has almost no tax flexibility (see page 8 for a comparison with Belgian regions). In total, more than 95% of its revenues consists of income from national taxes transferred by the central government in 12 equal monthly instalments on the basis of historical "stocks" (as opposed to "flows", which the government could potentially cut back depending on annual negotiations and federal budget constraints).

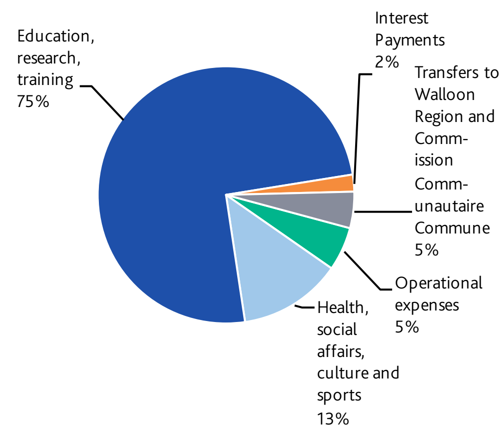
EXHIBITS 5 AND 6

Institutional Framework Provides Little Revenue Flexibility

Sources of revenues (% of total)



Expenditure items (% of total)



Source: Moody's calculations

The legal framework provides no explicit mechanism or implicit indication to guarantee that the central government will support the CFB in the event of financial stress. However, according to Article 54 of the 1989 financial law, communities are entitled to offset insufficient or untimely receipts from the central government with a guaranteed loan. Only under these circumstances could the CFB could take on a loan without the federal government's prior authorisation, the costs of which the government would cover. In addition, as already outlined, the revenues that the CFB is entitled to receive are allocated on a "stock" basis, regardless of (i) the actual level of collection and (ii) a change in the tax rates. Given that the quasi-totality of the CFB's revenues stem from the national government (Aa3 stable), the CFB's revenue stream is quasi-guaranteed and both the CFB's and the federal government's ratings are intrinsically linked as a result. The institutional framework is well established and protects the federated entities from sudden changes in policy, as any modification in the existing framework requires an agreement among Belgium's different linguistic groups.

Cooperation agreement will foster fiscal discipline

On 13 December 2013, the federal government, regions and communities signed a cooperation agreement on the implementation of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, or the Fiscal Compact, which we view positively because it further reinforces the control of public finances. In particular, this agreement adds to Belgian law the budgetary golden rule that the national authorities must ensure convergence towards its specific medium-term objective, with a lower limit of a structural deficit (excluding cyclical effects and one-off measures) of 0.5% of GDP.[12] Correction mechanisms should ensure automatic action in the case of deviation from the medium-term objective or the adjustment path towards it. The Conseil Superieur des Finances monitors compliance with the rule. The CFB will contribute to the fiscal consolidation efforts with the estimated amounts of €25 million in 2014 and around €80 million in both 2015 and 2016.[13]

Extraordinary support considerations

As a reflection of the application of Moody's joint-default analysis methodology for regional and local governments, the CFB's Aa3 rating incorporates three principal inputs: a baseline credit assessment of 6 (on a scale of 1 to 21, in which 1 represents the lowest credit risk), a high likelihood that the Belgian government would act to prevent a default by the CFB, and a very high level of default dependence between the communauté and the federal government. The high likelihood of support reflects our assessment of the reputational risk at the jurisdictional level, as well as indications of support stemming from the federal government's commitment to allowing federated entities to reach sound financials. The very high default dependence between the CFB and the Belgian government reflects CFB's high reliance on federal government transfers.

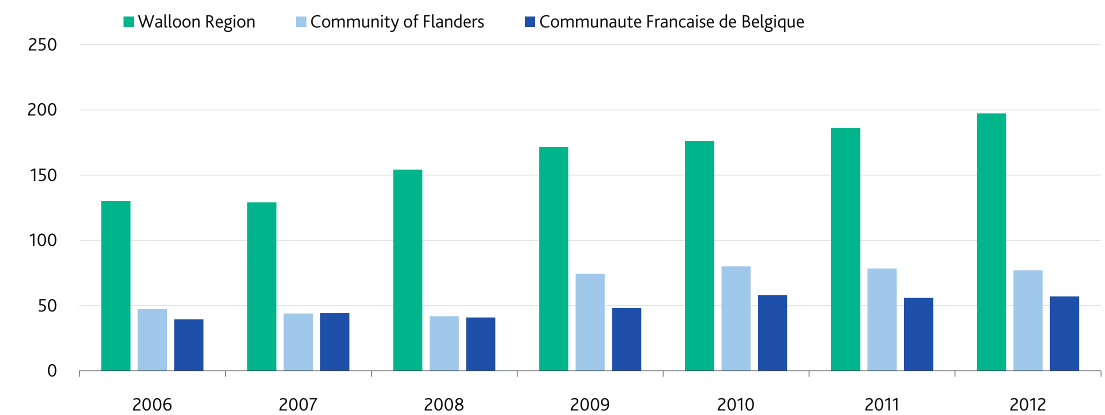
National peer comparison

We rate two other regional and local governments in Belgium, namely the Community of Flanders (Aa2/P-1 stable) and the Walloon Region (A1/P-1 stable). Although the CFB and the Flemish region's debt levels increased during the crisis, both entities exhibit lower debt levels than the Walloon Region because of their sounder financial performance. Furthermore, these entities recently managed either to already reverse the debt trajectory or to stabilise it (see Exhibit 7).

EXHIBIT 7

Walloon Region's Debt Levels Higher

Direct and indirect debt as a % of operating revenues



Source: Moody's calculations

Going forward, the transfer of responsibilities from the federal to the federated governments, as well as between the federated entities (as per Saint Emilie's agreement), will lead to a drastic change in each entity's functioning. We expect that the long-term impact for each entity will vary based on the level of mismatch between the dynamism of the expenditure responsibilities being transferred and the compensating resources. As such, given the increased autonomy the reform grants to regions in terms of Personal Income Tax (PIT) (see Exhibit 8), and the CFB's overwhelming reliance on federal

12 1% of GDP for member states with a debt ratio significantly below 60% of GDP

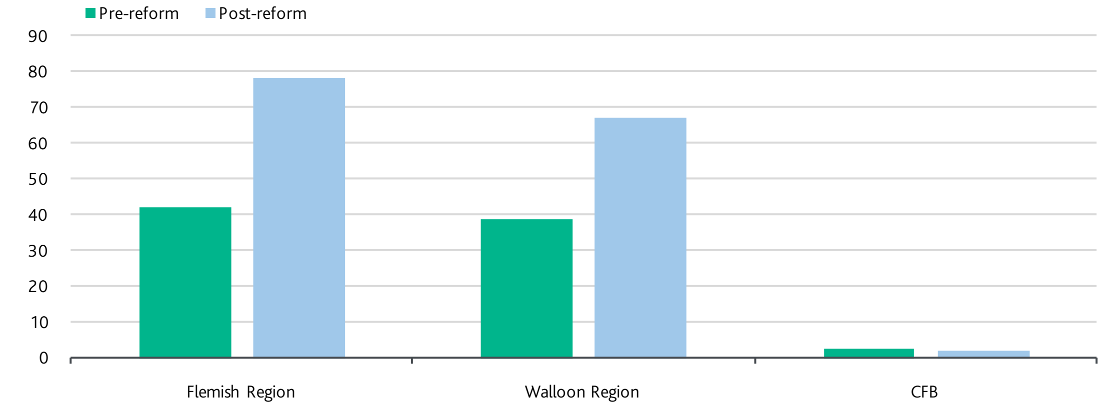
13 Or €127 million in both 2015 and 2016 if we include the contribution efforts transferred to other federated entities under the Sainte-Emilie agreement (see box page 6).

transfers, the CFB will have less room than the Walloon or Flemish regions to mitigate any reduction in transfers by raising taxes.

EXHIBIT 8

CFB Enjoys Negligible Revenue Flexibility

Own resources as a % of total revenues



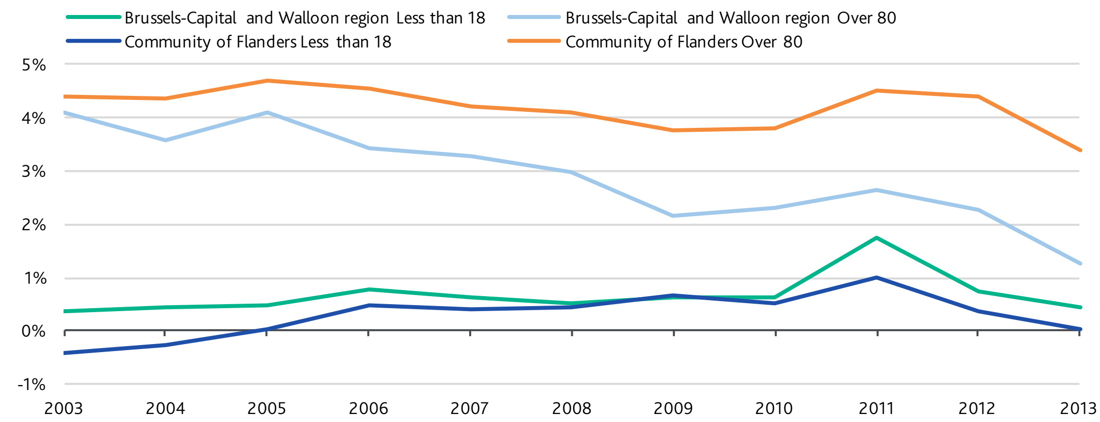
Source: Moody's calculations

That being said, given the nature of the responsibilities re-routed by the CFB to the Walloon region under the Sainte-Emilie agreement, a small imbalance between revenue and expenditure could materialise for the latter over the long term, under a no-policy-change scenario. Indeed, the Sixth State Reform has incorporated into the indexation formula for transfers new demographic parameters (i.e., population under 18 and above 80) whose dynamism is declining in the geographical area where the CFB operates (see exhibit 9). On the other hand, a large share of expenditures in these areas are related to the compensation of employees and grow at a higher pace than inflation.

EXHIBIT 9

Demographic Parameters Partly Driving Federal Transfers Show Declining Dynamism in CFB's Operating Area

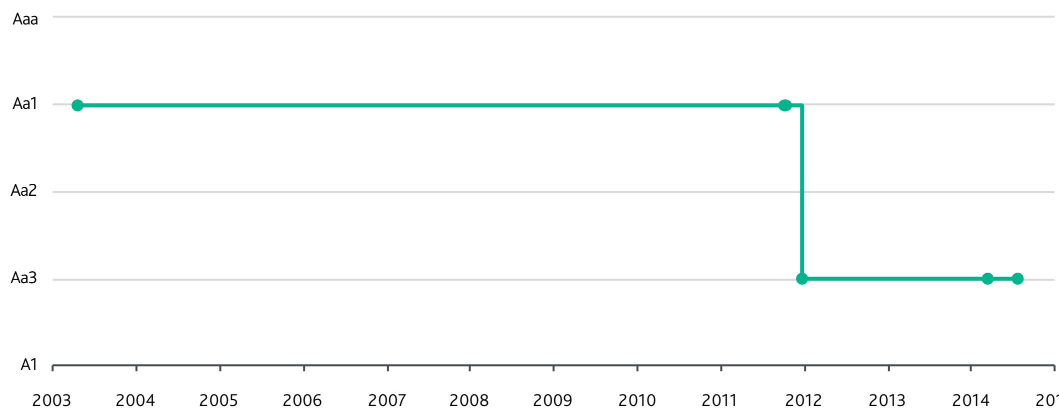
(Population by age category, year-on-year % change)



Source: Bureau Fédéral du Plan

Rating History

Communauté Francaise De Belgique



Annual statistics

Communauté Francaise De Belgique								
€millions			2007 realized	2008 realized	2009 realized	2010 realized	2011 realized	2012 realized
FINANCIAL INDICATORS								
REVENUES								
Taxes			0	0	0	0	0	0
	Regional taxes of which		0	0	0	0	0	0
		Radio & TV	0	0	0	0	0	0
Intergovernmental revenues			7,410	8,008	7,861	7,799	8,565	8,887
		From the State [1]	7,410	8,008	7,861	7,799	8,565	8,887
		Correction	5,209	5,599	5,520	5,498	6,017	6,250
		From the Region	1,859	2,054	1,982	1,943	2,172	2,240
		Equalization funds	280	292	295	294	309	320
Other			179	299	210	226	223	229
		Posted revenues	131	194	78	100	69	96
		Others	48	105	132	126	153	133
		Capital revenues	0	0	0	0	0	0
Total revenues [2]			7,589	8,307	8,071	8,025	8,788	9,119
of which	Operating		7,589	8,307	8,071	8,025	8,788	9,116
	Capital		0	0	0	0	0	2
EXPENSES								
Administration [3]			357	492	386	399	421	429
Education			5,450	6,064	5,995	6,176	6,394	6,596
Transfers			375	401	411	527	484	470
Other general expenses			981	1,066	1,119	1,177	1,239	1,277
Interest expenses			137	132	141	141	161	168
Other			261	192	189	242	225	240
Total expenses [4]			7,640	8,442	8,355	8,758	9,088	9,356
of which	Operating		7,559	8,346	8,240	8,662	8,923	9,179
	Capital		80	96	115	97	164	177
FINANCING DEFICIT/SURPLUS			-51	-135	-285	-733	-300	-238
SUMMARY ITEMS								
Primary operating balance			167	93	-29	-496	26	105
Gross operating balance			30	-39	-170	-637	-135	-62
Net operating balance			3	-294	-620	-764	-621	-317
Budget transfers from previous years			0	0	0	0	0	0

[1] include the combined and shared taxes

[2] Excludes new borrowings.

[3] Include administration costs and the ministery staff costs

[4] Excludes debt repayment.

Communaute Francaise De Belgique

€ millions		2007 realized	2008 realized	2009 realized	2010 realized	2011 realized	2012 realized
DEBT INDICATORS							
Financing surplus/deficit		-51	-135	-285	-733	-300	-238
DEBT MOVEMENTS							
Gross new borrowings		27	255	927	868	752	506
Debt repayment		27	255	450	127	485	254
	Mandatory	27	255	450	127	485	254
	Early	0	0	0	0	0	0
Change in debt		0	0	476	740	266	252
TOTAL BUDGET BALANCE		**-51**	**-135**	**191**	**7**	**-33**	**14**
DEBT STOCK					**0.42**		
		35%	32%	38%	45%	47%	48%
Direct debt		2,631	2,630	3,107	3,873	4,219	4,442
	Short-term	235	385	585	822	693	563
	Long-term	2,396	2,245	2,522	3,051	3,527	3,880
Guaranteed debt		449	487	522	522	529	602
Indirect debt [1]		283	273	263	261	168	158
Other debt		0	0	0	0	0	0
Total debt		3,364	3,390	3,892	4,655	4,917	5,203
					37%		
			1%	15%	20%	6%	6%
			41%	48%	58%	56%	57%
DEBT SERVICE							
Interest expenses		137	132	141	141	161	168
Debt repayment		27	255	450	127	485	254
Total debt service		164	387	591	268	647	422

[1 correspond to the satellites' debt assumed by the French Community and gradually integrated in its direct debt

Communaute Francaise De Belgique

€ millions	2007 realized	2008 realized	2009 realized	2010 realized	2011 realized	2012 realized
KEY RATIOS AND INDICATORS						
TOTAL ACCOUNTS						
Total revenue growth rate [1] (%)	2.56	9.46	-2.85	-0.57	9.51	3.76
Total revenues per capita (Euro)	1,767	1,918	1,802	1,770	1,922	1,979
Total tax revenue growth rate (%)	--	--	--	--	--	--
Total tax revenues/ total revenues (%)	0.00	0.00	0.00	0.00	0.00	0.00
Total intergovernmental revenues growth rate (%)	3.05	8.07	-1.83	-0.80	9.83	3.76
Total intergovernmental revenues/total revenues (%)	97.64	96.40	97.40	97.18	97.47	97.46
Total expense growth rate [2] (%)	3.39	10.50	-1.03	4.82	3.76	2.96
Total expenses per capita (Euro)	1,779	1,949	1,865	1,932	1,988	2,031
Total transfers/total expenses (%)	0.00	0.00	0.00	0.00	0.00	0.00
Financing deficit/surplus as % of total revenues (%)	-0.67	-1.62	-3.53	-9.14	-3.41	-2.61
Gross financing deficit [3]/surplus as % of total revenues (%)	-1.02	-4.70	-9.11	-10.73	-8.93	-5.39
OPERATING ACCOUNTS						
Operating revenue growth rate (%)	2.56	9.46	-2.85	-0.57	9.51	3.74
Operating revenues per capita (Euro)	1,767	1,918	1,802	1,770	1,922	1,979
Operating revenues/total revenues (%)	100.00	100.00	100.00	100.00	100.00	99.98
Tax revenues/operating revenues (%)	0.00	0.00	0.00	0.00	0.00	0.00
Intergovernmental revenues (operations related) /operating revenues (%)	97.64	96.40	97.40	97.18	97.47	97.49
Fees/operating revenues (%)	1.72	2.33	0.96	1.24	0.79	1.05
Operating expense growth rate (%)	3.61	10.41	-1.27	5.11	3.02	2.87
Operating expenses per capita (Euro)	1,760	1,927	1,840	1,911	1,952	1,992
Operating expenses/total expenses (%)	98.95	98.86	98.62	98.90	98.19	98.10
Transfers (op. related)/operating expenses (%)	0.00	0.00	0.00	0.00	0.00	0.00
Primary operating balance/operating revenues (%)	2.20	1.12	-0.36	-6.18	0.30	1.16
Gross operating balance/operating revenues (%)	0.39	-0.47	-2.10	-7.94	-1.54	-0.69
Net operating balance/operating revenues (%)	0.04	-3.54	-7.68	-9.52	-7.06	-3.47
Financing (deficit/surplus)/operating revenues (%)	-0.67	-1.62	-3.53	-9.14	-3.41	-2.61
Gross financing (deficit/surplus)/operating revenues (%)	-1.02	-4.70	-9.11	-10.73	-8.93	-5.39
Tax revenues/operating expenses (%)	0.00	0.00	0.00	0.00	0.00	0.00
CAPITAL ACCOUNTS						
Capital revenue growth rate (%)	-27.29	56.64	-54.27	17.33	28.41	1808.85
Capital revenues per capita (Euro)	0	0	0	0	0	0
Capital revenues/total revenues (%)	0.00	0.00	0.00	0.00	0.00	0.02
Capital expense growth rate (%)	-14.10	19.40	20.00	-16.11	70.12	7.86
Capital expenses per capita (Euro)	19	22	26	21	36	38
Capital expenses/total expenses (%)	1.05	1.14	1.38	1.10	1.81	1.90
Intergovernmental revenues (capital related)/capital revenues (%)	--	--	--	--	--	0.00

Communaute Francaise De Belgique

€ millions	2007 realized	2008 realized	2009 realized	2010 realized	2011 realized	2012 realized
Transfers (capital related)/capital expenses (%)	0.00	0.00	0.00	0.00	0.00	0.00
DEBT						
Total debt growth rate (%)	14.97	0.79	14.80	19.61	5.61	5.82
Total debt per capita (Euro)	783	783	869	1,027	1,076	1,129
Total debt/GDP (%)	2.53	2.46	2.84	3.24	3.29	3.42
Total debt /total revenues (%)	44.32	40.81	48.22	58.01	55.95	57.06
Total debt /operating revenues (%)	44.32	40.81	48.22	58.01	55.95	57.07
Total debt /tax revenues (%)	-	-	-	-	-	-
Net debt [4] growth rate (%)	14.97	0.79	14.80	19.61	5.61	5.82
Net debt per capita (Euro)	783	783	869	1,027	1,076	1,129
Net debt/total revenues (%)	44.32	40.81	48.22	58.01	55.95	57.06
Net debt/GDP (%)	2.53	2.46	2.84	3.24	3.29	3.42
Net debt/operating revenues (%)	44.32	40.81	48.22	58.01	55.95	57.07
Net debt/tax revenues (%)	-	-	-	-	-	-
Debt [5] growth rate (%)	-0.38	-0.39	16.08	22.65	6.16	4.85
Debt per capita (Euro)	679	670	752	912	960	999
Debt/total revenues (%)	38.40	34.94	41.75	51.50	49.93	50.45
Debt/GDP (%)	2.19	2.10	2.46	2.87	2.93	3.02
Debt/operating revenues (%)	38.40	34.94	41.75	51.50	49.93	50.47
Debt/tax revenues (%)	-	-	-	-	-	-
Short-term debt/debt (%)	8.06	13.26	17.36	19.88	15.79	12.23
Guaranteed debt growth rate (%)	--	8.48	7.16	0.00	1.28	13.82
Guaranteed debt per capita (Euro)	105	112	117	115	116	131
Guaranteed debt/total debt (%)	13.35	14.37	13.42	11.22	10.76	11.57
Indirect debt growth rate (%)	-3.58	-3.53	-3.63	-0.95	-35.40	-5.94
Indirect debt per capita (Euro)	66	63	59	58	37	34
Indirect debt/total debt (%)	8.42	8.06	6.76	5.60	3.43	3.04
Indirect debt/debt (%)	9.71	9.41	7.81	6.31	3.84	3.44
Interest expense growth rate (%)	2.77	-4.01	6.91	-0.03	14.68	4.11
Interest expenses/total revenues (%)	1.81	1.58	1.74	1.75	1.84	1.84
Interest expenses/operating revenues (%)	1.81	1.58	1.74	1.75	1.84	1.84
Interest expenses/primary operating balance (%)	82.16	142.02	-487.05	-28.35	620.38	159.21
Debt service growth rate (%)	-50.24	135.66	52.73	-54.64	141.26	-34.72
Debt service/total revenues (%)	2.16	4.66	7.32	3.34	7.36	4.63
Debt service/operating revenues (%)	2.16	4.66	7.32	3.34	7.36	4.63
Debt service/tax revenues (%)	-	-	-	-	-	-
Gross new borrowings/total debt (%)	0.80	7.52	23.81	18.64	15.28	9.73
Gross new borrowings/net debt (%)	0.80	7.52	23.81	18.64	15.28	9.73
Gross new borrowings/debt (%)	0.93	8.78	27.49	20.99	17.13	11.00
Gross new borrowings/debt repayment (%)	99.63	99.86	205.75	681.08	154.82	199.17

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€ millions	2007 realized	2008 realized	2009 realized	2010 realized	2011 realized	2012 realized
Gross foreign currency debt/total debt (%)	0.00	0.78	12.89	16.40	5.31	5.50
Net foreign currency debt/total debt (%)	0.00	0.00	0.00	0.00	0.00	0.00

[1] Excludes new borrowings.

[2] Excludes debt repayments

[3] Gross financing deficit/surplus= net financing deficit/surplus - debt repayment.

[4] Excludes guaranteed debt to self-supporting enterprises.

[5] Excludes total guaranteed debt.

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